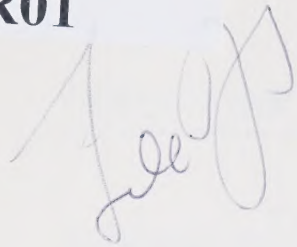


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THIRTIETH ANNUAL REPORT  
OF  
HALLNOR MINES, LIMITED



For the Year Ended December 31, 1966

ANNUAL MEETING

APRIL 13th, 1967 — 10:30 a.m. (Toronto Time)

SUITE 1700 — 44 KING STREET WEST

# HALLNOR MINES, LIMITED

EXECUTIVE OFFICE: Suite 1700 — 44 King Street West, Toronto 1

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Incorporated under the laws of Ontario

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## CAPITAL

Authorized and Issued:  
2,000,000 shares of the par value of \$1.00 each

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## DIRECTORS

W. G. BRISSENDEN	Toronto
R. V. PORRITT	Toronto
W. S. ROW	Toronto
D. E. G. SCHMITT	Toronto
J. H. STOVEL	Toronto

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## OFFICERS

R. V. PORRITT	President
W. S. ROW	Vice-President
R. C. ASHENHURST	Secretary
E. K. CORK	Treasurer

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## GENERAL MANAGER

D. E. G. SCHMITT

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## TRANSFER AGENT AND REGISTRAR

EASTERN & CHARTERED TRUST COMPANY  
Toronto

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## BANKERS

THE BANK OF NOVA SCOTIA

## DIRECTORS' REPORT TO THE SHAREHOLDERS

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### EARNINGS PER SHARE

	1966	1965
Operating Profit .....	2.9¢	13.5¢
E.G.M.A. Credit .....	11.8	8.1
	14.7	21.6
Investment Income .....	14.5	13.3
	29.2	34.9
Income and Production Taxes .....	7.0	9.3
	22.2¢	25.6¢

Dividends totalling 16¢ per share were paid during the year, the same as in the previous five years. A dividend of 4¢ per share has been declared payable March 1, 1967, which will bring the total dividends paid to \$7.45 per share or \$14,900,000.

The milling rate was 367 tons per day as compared to 360 in 1965 and grade was lower. Costs were 5.8% higher, but the resulting decrease in operating profit was largely offset by increased credits under the Emergency Gold Mining Assistance Act, increased investment income and lower taxes.

The tonnage of new ore developed during the year, mainly in 19 Vein, exceeded the tonnage mined and ore reserves increased 52,000 tons to 286,000 tons. The estimated grade was unchanged at 0.41 oz. per ton.

A critical but indeterminable factor in forward planning for Canadian gold mines has been the uncertainty of continuance of the Emergency Gold Mining Assistance Act which, unless extended, will expire at the end of 1967. For Hallnor to have ore available for treatment two years or so hence, the No. 3 shaft had to be deepened without delay and the decision to do so, at an estimated cost of some \$350,000, had to be based on the assumption that credits under the Act would continue to be available during the mining of the ore on the deeper levels.

The shortage and high turnover of labour eased somewhat toward the year end but the shortage of experienced men remains critical. As in 1965, unusual activity in construction in the Timmins area contributed to the labour shortage.

Your Directors extend their appreciation of the loyal and able services rendered during the year by your Manager, Mr. Marshall, and his staff and employees.

On behalf of the Board,

R. V. PORRITT,  
President.

Toronto, Ontario,  
February 6, 1967.



## BALANCE SHEET

AS AT DECEMBER 31, 1966

(with comparative figures at December 31, 1965)

ASSETS		
CURRENT ASSETS	1966	1965
Cash and short-term deposits .....	\$ 917,076	\$1,937,404
Bullion .....	146,874	97,786
Marketable investments — at cost (quoted market value \$2,683,080) .....	2,432,631	1,107,628
Accounts, notes, interest and dividends receivable .....	39,992	11,922
Receivable under The Emergency Gold Mining Assistance Act .....	85,800	90,518
	<u>3,622,373</u>	<u>3,245,258</u>
INVESTMENTS — at cost, less amounts written off		
Shares and bonds — associated and affiliated companies (quoted market value \$3,719,098) .....	<u>2,112,798</u>	<u>2,177,131</u>
DEFERRED AND PREPAID ITEMS		
Shaft preparation and sinking — at cost, less amounts written off .....	—	113,070
Stores — at cost .....	207,785	214,900
Miscellaneous .....	13,284	6,311
	<u>221,069</u>	<u>334,281</u>
FIXED ASSETS		
Mine properties — at cost .....	362,500	362,500
Plant, buildings, equipment and townsite — at cost .....	1,475,513	1,486,927
Accumulated depreciation .....	1,366,493	1,361,039
	<u>109,020</u>	<u>125,888</u>
	<u>\$6,427,760</u>	<u>\$6,245,058</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable .....	\$ 167,100	\$ 159,531
Taxes payable .....	96,850	250,325
	<u>263,950</u>	<u>409,856</u>
ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE YEARS .....	<u>32,000</u>	<u>105,000</u>
CAPITAL STOCK AND SURPLUS		
Capital stock		
Authorized, issued and fully paid		
2,000,000 shares of \$1 each .....	2,000,000	2,000,000
Discount thereon .....	662,500	662,500
	<u>1,337,500</u>	<u>1,337,500</u>
Surplus .....	4,794,310	4,392,702
	<u>6,131,810</u>	<u>5,730,202</u>
	<u>\$6,427,760</u>	<u>\$6,245,058</u>

Signed on behalf of the Board:

R. V. PORRITT, Director.

W. S. ROW, Director.

## STATEMENT OF OPERATIONS AND SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1966

*(with comparative figures for the year 1965)*

REVENUE	1966	1965
Metal production .....	\$1,896,877	\$2,009,469
Income from investments —		
Dividends and bond interest —		
associated and affiliated companies .....	128,307	120,000
Other dividends and interest earned .....	152,714	120,096
Profit on sale of investments .....	9,717	25,588
	<u>2,187,615</u>	<u>2,275,153</u>
EXPENSE		
Cost of metal production, including mining, milling, delivery and mint charges .....	1,652,605	1,530,877
Administrative and general expenses .....	37,948	31,856
Depreciation .....	35,834	33,534
Development costs written off .....	113,070	141,680
	<u>1,839,457</u>	<u>1,737,947</u>
Less recoverable under The Emergency Gold Mining Assistance Act .....	236,221	161,198
	<u>1,603,236</u>	<u>1,576,749</u>
	584,379	698,404
Provided for income and production taxes .....	140,557	186,300
NET PROFIT ON OPERATIONS FOR THE YEAR .....	443,822	512,104
Extraordinary profit on sale of investment .....	277,786	—
	<u>721,608</u>	<u>512,104</u>
SURPLUS		
Balance, beginning of year .....	4,392,702	4,200,598
	<u>5,114,310</u>	<u>4,712,702</u>
Less dividends .....	320,000	320,000
Balance, end of year .....	<u>\$4,794,310</u>	<u>\$4,392,702</u>

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Hallnor Mines, Limited as at December 31, 1966 and the statement of operations and surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of operations and surplus present fairly the financial position of the company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,  
February 6, 1967.

McDONALD, CURRIE & CO.,  
Chartered Accountants.



## MANAGER'S REPORT

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The President and Directors:

This report covers operations for the year 1966.

### MINE

#### Development

On the 27th (4,150') level a drift exploring the downward extension of 19 Vein was driven 405 feet on vein, of which 125 feet were of ore grade and 280 feet were on a shear containing narrow barren quartz veins. This drift will be further extended both to the east and west.

On the 28th (4,300') level a drift was driven 500 feet on 19 Vein, of which 370 feet were of ore grade.

Diamond drilling totalled 28,030 feet in 149 holes; 10,010 feet for stope outline and control; 2,290 feet for transferring hydraulic backfill and 15,730 feet for exploration on and below the 28th level. The deep drilling gave encouraging ore indications down to the 4,250' horizon and preliminary work was started to deepen No. 3 shaft some 610 feet to give access to four new levels.

#### Development Summary

	Feet of Advance	
	1966	1965
Drifts and Crosscuts .....	3,300	3,660
Raises .....	1,160	820
Stope Preparation .....	5,950	5,230
Diamond Drilling .....	28,030	32,280

#### Stoping

Ore broken in stopes amounted to 124,900 tons and 123,000 tons were trammed. The broken ore reserve at the year end was approximately 12,700 tons. Tonnage hoisted from below the 22nd level amounted to 71% of the total.

The hydraulic fill system provided some 41,000 tons of classified mill tailings to the lower section of the mine. In addition, 8,000 tons of sand backfill was placed in the upper level stopes.

Following is a tabulation of ore production by levels for the year 1966, and since production commenced in June 1936.

Level	Below Surface Feet	1966 Tons	Total 1936 to 1966
1st to 8th .....	1,400	14,900	2,560,020
18th .....	2,750	—	25,635
19th .....	2,900	19,225	241,760
20th .....	3,050	—	128,090
21st .....	3,200	—	40,605
22nd .....	3,350	1,700	12,960
23rd .....	3,500	9,280	42,395
24th .....	3,700	31,730	90,310
25th .....	3,850	16,535	46,525
26th .....	4,000	29,860	68,150
Stopping Total .....		123,230	3,256,450
Development .....		9,310	235,565
		<u>132,540</u>	<u>3,492,015</u>

#### MILL

The mill was in continuous operation throughout the year. The primary ball mill operated 98.5% of the possible running time and averaged 367 tons per day compared to 360 tons per day in 1965.

Ore treated was 133,770 tons averaging 0.38 oz. gold per ton and recovery was 97.3%. Production amounted to 50,200 ounces of gold and 2,840 ounces of silver.

To December 31, 1966, the mill had treated 3,489,200 tons of ore yielding 1,371,400 fine ounces of gold and 101,900 ounces of silver, having a combined value of \$50,114,400.

#### ORE RESERVES

At January 1st	1967		1966	
	Tons	Gold Oz./Ton	Tons	Gold Oz./Ton
Above 8th Level .....	21,800	0.21	16,800	0.20
18th to 22nd Level .....	11,100	0.24	26,000	0.32
22nd to 26th Level .....	253,100	0.44	191,100	0.44
Totals .....	<u>286,000</u>	<u>0.41</u>	<u>233,900</u>	<u>0.41</u>

#### GENERAL

I wish to express my appreciation to D. Walli, Mine Superintendent; J. K. Dever, Mill Superintendent; W. G. Howie, Accountant; R. Charron, Maintenance Supervisor; R. R. McNeil, Chief Assayer, and their staffs for the loyal and efficient service they have rendered during the past year. I also wish to thank the President, Directors and senior operating staff for their assistance.

Respectfully submitted,

Pamour, Ontario,  
January 31, 1967.

W. J. MARSHALL,  
Manager.

